

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

December 4, 2000

IN RE:)	
)	
BELLSOUTH TELECOMMUNICATIONS INC.'S)	DOCKET NO.
TARIFF FOR CONTRACT SERVICE)	00-00720
ARRANGEMENT (MS99-8999-00))	

**ORDER GRANTING APPROVAL OF BELLSOUTH
CONTRACT SERVICE ARRANGEMENT (MS99-8999-00)**

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on September 12, 2000 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. MS99-8999-00 ("CSA"). BellSouth filed Tariff No. 00-00720 on August 14, 2000, with a proposed effective date of September 13, 2000.

Based upon careful consideration of the tariff filing and the attachments thereto, the Authority makes the following findings and conclusions:

1. The purpose of this CSA is to provide a Volume and Term Discount to the customer identified in the filing. Through this arrangement, the customer agrees to meet an annual revenue commitment of \$3 million dollars in exchange for a ten percent (10%) discount.
2. The term of this CSA is three (3) years with an optional one-year renewal. To accept the renewal, the customer must affirmatively elect to renew the CSA within thirty (30) days of the termination of the contract term. BellSouth agreed during the Conference that any renewal must be brought before the Authority for approval.

3. This CSA contains two termination provisions. The first relates to the termination of the underlying specific service and is linked to the tariff provision applicable to the underlying service. The second applies to the termination of the Volume and Term agreement. This termination provision requires the customer to pay a termination charge equal to the repayment of up to twelve (12) months of discounts as well as the prorated contract implementation and tracking charges. Because the first termination provision is contained in the underlying, previously approved tariff, it is only the second termination provision that is before the Authority in this docket.

4. On September 11, 2000, BellSouth filed a letter in response to an Authority data request issued in Docket No. 00-00627. In the letter, BellSouth agreed to waive any termination charges which exceed the lesser of:

- A. The amounts specified in the CSA the customer signed;
- B. The total of the repayment of discounts received during the previous [sic] twelve (12) months of service, the repayment of the prorated amount of any waived or discounted non-recurring charges, and the repayment of the prorated amount of any documented contract preparation, implementation and tracking or similar charges; or
- C. Six percent (6%) of the total CSA amount.¹

(footnote not in original)

5. BellSouth explained that when applied to a Volume and Term CSA, the “CSA amount” referred to in “C.” above equals the customer’s commitment amount.

¹ At the August 15, 2000 Authority Conference, BellSouth agreed to waive any right to collect termination charges greater than the lesser of the CSA termination provisions or the termination charges established in Docket No. 00-00702, *Rulemaking Proceeding - Regulations for Term Arrangements for Telecommunications Services*. Docket No. 00-00702 was opened by the Directors to establish rules to regulate the use of CSAs and tariff term plans by Independent and Competing Local Exchange Carriers. The proposal contained in BellSouth’s September 11, 2000 letter differs from the August 15th proposal in that the September 11th proposal applies the termination provisions delineated in the proposed rules rather than the termination provisions that would result upon completion of the rulemaking.

6. This CSA contains provisions for incentive awards and commitment shortfalls. BellSouth provided an addendum executed by the customer clarifying the fact that the commitment shortfalls do not apply upon the customer's early termination of the CSA.

7. BellSouth provided an addendum executed by the customer stating that the customer was aware of competitive alternatives available to it in Tennessee and that the customer and BellSouth have agreed on the termination provisions and that the termination charges represent a reasonable estimate of BellSouth's damages in the event of termination.

8. BellSouth supplied cost data which indicates that the price of services offered under the CSA exceed their long-run incremental costs. Based on this information, BellSouth has complied with the statutory price floor established in Tenn. Code Ann. § 65-5-208(c).

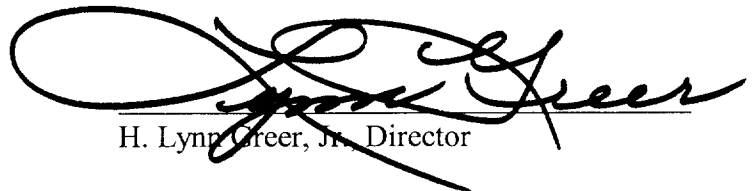
9. No parties sought to intervene in this docket. Based on the foregoing findings and conclusions, the Authority unanimously determined that the CSA in this docket should be granted.

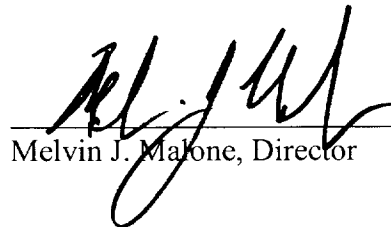
IT IS THEREFORE ORDERED THAT:

BellSouth Telecommunications, Inc.'s Tariff No.00-00720, which seeks approval of Contract Service Arrangement No. MS99-8999-00, is hereby granted subject to BellSouth notifying the customer in writing upon receipt of this order that BellSouth has agreed to waive any right to collect termination charges in excess of the lesser of: 1) the amounts specified in the CSA the customer signed; 2) the total of the repayment of discounts received during the previous twelve (12) months of service, the repayment of the prorated amount of any waived or discounted non-recurring charges, and the repayment of the prorated amount of any documented contract preparation, implementation and tracking or similar charges; or 3) six percent (6%) of the total

CSA amount. A copy of such notification shall be filed with the Office of the Executive Secretary.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary